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# 2010 End of Session Report

May 2010

Dear Neighbor,

On April 13th, in the early morning hours, the Legislature adjourned the special Session convened by the Governor by adopting three bills that are, coincidentally, symbolic of the decisions we made in the midst of the worst economic crisis since the Great Depression.

One bill creates the Washington Opportunity Pathways account to set up a mechanism for funding early childhood education, higher education scholarships, and entrepreneurial research and innovation.

The Capital budget bill puts people to work while investing in our colleges and schools, our parks and open spaces, and community-based facilities to improve health and safety, to protect and preserve our natural environment, and to serve the interests and needs of our neighborhoods.

The final bill of the Session reforms the way Medicaid payments to nursing homes that care for poor and medically frail members of our communities.

These bills not only represent critical policy priorities, but the difficulty of our budget solutions as well. For example, in order to balance the 2009-2011 Operating budget, we transferred \$187 million from the two-year Capital budget that then required new approaches to decisions about project funding. The nursing home bill achieves administrative savings and increases per client service costs, but also increases the licensing fees and reduces some vendor reimbursements.

This newsletter provides additional details about how we reconciled the unprecedented state budget shortfall by raising revenues as well as by reducing spending. I hope you find this information instructive and useful. While we may not always agree on the particulars of the budget decisions or other policy matters, I firmly believe that our 37th District is committed to a common goal: meeting the needs of our community so that, as our economy recovers, we all move forward together.

Thank you, once again, for the opportunity to represent you in Olympia. With the conclusion of the legislative Sessions, I am happy to be back in our district! Please stay in touch by calling or writing to me about the issues that concern you. I welcome hearing from you and appreciate your continued participation in our democratic process.

Sincerely,

A handwritten signature in blue ink that reads "Sharon Tomiko Santos".

**Sharon Tomiko Santos**  
**State Representative**  
**37th District**



# Rep. Sharon Tomiko Santos - 37th Legislative District

## Q & A: THE STATE BUDGET



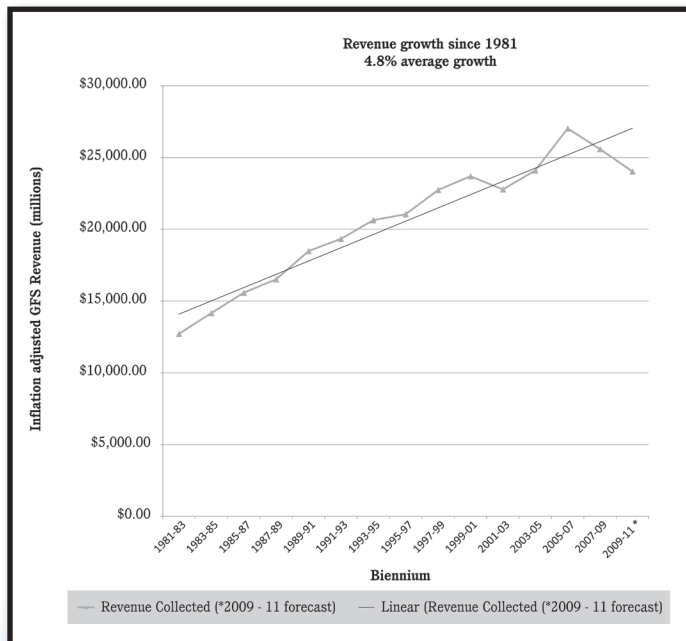
**Q:** Although the Legislature adopted a balanced budget during the 2009 Session, the state faced an additional \$2.6 billion budget shortfall at the beginning of the 2010 Session. What happened?

**A:** The Legislature develops the biennial budgets based on fiscal projections provided by the state Economic & Revenue Forecast Council ([www.erfc.wa.gov](http://www.erfc.wa.gov)).

These forecasts, adjusted quarterly, calculate the amount of money the state expects to collect to pay for programs and services. Since the adjournment of the 2009 Session, ERFC revenue projections have been lower than anticipated while, at the same time, the demand for state services continues to rise. This is why we faced another budget shortfall in 2010.

State revenues fall when consumer spending declines because retail sales taxes provide more than half of the General Fund revenues. **The graph below shows overall revenue growth in our state since 1981:**

**(Note: This graph includes General Fund revenue from all sources, including state sales & use tax, state property tax, and the Business & Occupation tax).**



**Q:** The Legislature closed the \$9 billion shortfall last year without raising taxes. Why did the Legislature need to raise taxes this year when the budget shortfall was only \$2.6 billion?

**A:** Last year, the Legislature crafted a balanced 2009-2011 biennial budget using a combination of spending cuts, transfers from other state funds such as the Capital budget, one-time federal recovery dollars, and the use of reserves. The current shortfall affects the very same biennial budget, which runs from July 1, 2009 to June 30, 2011. Since we already used nearly every means available to us to bridge the gap, the only significant options remaining were to cut programs and services further and/or to raise taxes. In fact, we did both.

We raised \$794 million in new revenues (see special section on next page) and lowered spending in the operating budget by an additional \$414 million, bringing the two-year budget total to \$30.4 billion. This is the first time since 1951 that the biennial budget is smaller than that of the previous biennium.

**Q:** Why didn't the Legislature raise more revenue to avoid the additional cuts?

**A:** Many initiatives approved by the voters during the past decade significantly restrained the ability of the Legislature to raise taxes. Initiative 960, for example, required the Legislature to approve tax increases with a two-thirds majority and to submit these tax proposals to a public advisory vote. Without the ability to increase taxes, the Legislature would have no choice but to adopt an "all cuts" budget. Indeed, the Governor's first budget proposal illustrated the extent of the devastation to ensue if the Legislature followed through with this approach. This is why I voted for the temporary suspension of I-960, though this action did not eliminate the uphill struggle to secure the votes needed to raise taxes.

Throughout the Session, I advocated for and supported many of the specific taxes in the adopted revenue package, such as the weight-based sales tax on smokeless tobacco. However, the Legislature adjourned the regular Session with disagreement about the total amount of revenue - some lawmakers wanted more and others wanted less - as well as which taxes to raise, those affecting the general population like sales tax or those related to targeted activities and audiences. We spent the 30-day Special Session negotiating and balancing these details of tax package that, ultimately, could win the minimally required fifty votes in the House and twenty-five votes in the Senate. Despite grave policy reservations that prompted my vote against the final revenue bill, I nonetheless support the level and type of taxes included in the revenue package as necessary to produce a responsive and responsible balanced budget in this tough economic period.



# 2010 End of Session Report

## A CLOSER LOOK AT THE REVENUE PACKAGE:

### *What taxes were raised, and what will they pay for?*

The 2010 supplemental budget includes a \$794 million revenue package comprised of temporary taxes on beer and soda, new taxes on candy, gum, and bottled water, and the end of some tax exemptions. Here's how you may be affected:

**Beer:** 4.7 cent tax per bottle or can (microbrews exempt), effective June 1, 2010 – June 30, 2013

**Soda:** 2 cent tax per 12-oz. bottle or can, effective July 1, 2010 – June 30, 2013

**Candy & Gum:** state sales tax now applies.

**Bottled water:** state sales tax now applies.

Note: More details of the revenue package can be found here: <http://leap.leg.wa.gov/leap>

### *What cuts does the new revenue prevent?*



The revenue package “buys back” cuts that were originally planned to help close the state budget shortfall. Here are things we now do not have to cut:

- 16,000 children will keep their health care coverage through the state's Apple Health program.
- 60,000 low-income working adults will be able to stay on the state's Basic Health Plan. These adults would otherwise join the ranks of the uninsured.
- 12,000 students won't lose their state-funded college financial aid, keeping them on track to a college degree.
- 42,000 seniors and disabled adults will be able to remain in their homes rather than being forced into institutions.
- Class sizes for children in Kindergarten through 4th grade will not increase.
- 50,000 women with high-risk pregnancies won't lose crucial pre-natal medical care.
- 2,600 dying patients across Washington won't lose their hospice care.
- Thousands of seniors will continue to receive nourishment through the Meals on Wheels program.



## My “no” vote on the revenue package:

I support the need for additional resources to pay for critical services that help ensure the well-being of our communities and the economic vitality of our state. Indeed, I voted to raise the necessary taxes to meet our obligations on three separate occasions. In the end, however, I felt compelled to vote against the final version of the revenue bill.

Why? The various versions of the 2010 revenue package included a broad grant of authority to the executive branch – through the Department of Revenue – to re-classify business plans, transactions, or arrangements in order to increase the tax obligations of the participants. These provisions give the executive branch unfettered tax collection powers and, essentially, render the Legislature and the courts irrelevant in these matters. This fundamentally upsets a basic principle of checks and balances in our constitutional government.

I had sincerely hoped to correct this issue before the final adoption of a revenue package and worked in good faith toward this objective. Unfortunately, my efforts yielded only modest changes and, having exhausted all other options to maintain the central tenet in our representative democracy of equal balance of powers, I felt I could not support this language in the revenue bill. Please feel free to contact me if you would like further information on this topic.

# Rep. Sharon Tomiko Santos - 37th Legislative District

## A VICTORY FOR STUDENTS' CIVIL RIGHTS

State and federal civil rights laws provide protection from discrimination based on factors such as race, religion, sexual orientation, or the presence of any sensory, mental, or physical disability. However, a gap in state statute left students in public schools who are victims of these kinds of discrimination nowhere to turn within the school system itself.

This is no longer true with the enactment of House Bill 3026. This measure specifically prohibits discrimination in public schools and grants the state Office of the Superintendent of Public Instruction the authority necessary to enforce compliance with all state civil rights laws, rather than only those involving gender discrimination.

### **The new law does not grant new protections.**

As recommended by the Washington State Academic Achievement Gap Oversight and Accountability committee, this legislation simply puts some clout and authority behind those protections already in place.

While testifying in support of the bill before the state House Education Committee earlier this year, I recalled the late Patsy

Mink, a U.S. Congresswoman (D-HI) and the author of Title IX, the federal law prohibiting gender discrimination at federally funded institutions. She was also the first woman of color elected to Congress.

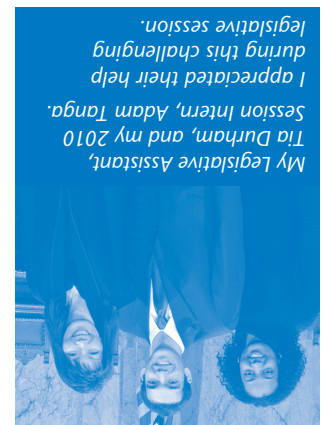


US Congresswoman  
Patsy Mink (D - HI)

As a young woman, Mink was denied admission to every medical school to which she applied in the late 1940s. Later, as a Member of Congress, she helped champion legislation to ensure that no other female would experience the barriers she encountered in pursuing her education. I pointed out that, ironically, if Patsy Mink was a student in our state's public school system today and experienced gender discrimination, she would have all the power and authority of OSPI defending her. But, if she experienced discrimination as a student of color, OSPI could not help to enforce

civil rights laws on her behalf.

Now, with the statutory authority granted through HB 3026, OSPI is better equipped to ensure that our schools are safe learning environments and that our students receive equal treatment in pursuit of their education.



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